

# House File 665 - Introduced

HOUSE FILE \_\_\_\_\_  
BY ALONS, DEYOE, DE BOEF, MAY,  
HELLAND, SODERBERG, RAYHONS,  
DRAKE, FORRISTALL, TYMESON,  
LUKAN, KOESTER, STRUYK, WATTS,  
HUSEMAN, SCHULTZ, WORTHAN,  
PAULSEN, UPMAYER, ROBERTS,  
TJEPKES, HORBACH, and ARNOLD

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the deduction of the capital gain from the  
2 sale of capital investments made in or by certain businesses  
3 and including an applicability date provision.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 2321YH 83  
6 tw/mg:sc/5

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1 1 Section 1. Section 422.7, Code 2009, is amended by adding  
1 2 the following new subsection:  
1 3 NEW SUBSECTION. 49A. Subtract the capital gain from the  
1 4 following:  
1 5 a. The sale of an equity investment in a business if all  
1 6 of the following requirements are met:  
1 7 (1) The equity investment is held for a period of thirty=  
1 8 six months or more from the date of acquisition.  
1 9 (2) A credit is not claimed on the investment under  
1 10 section 15E.66, 422.11F, or 422.11G.  
1 11 (3) The deduction under this paragraph "a" is in lieu of  
1 12 any deduction under section 1202 of the Internal Revenue Code.  
1 13 b. If the adjusted gross income computed for federal  
1 14 income tax purposes includes income or loss from a business  
1 15 operated by the taxpayer, the sale of a building, land, or  
1 16 machinery and equipment used in the operation of the business  
1 17 if the building, land, or machinery and equipment are held for  
1 18 a period of thirty=six months or more from the date of  
1 19 acquisition.  
1 20 c. An individual may claim the capital gain deduction  
1 21 under paragraphs "a" and "b" of a partnership, S corporation,  
1 22 limited liability company, estate, or trust electing to have  
1 23 the income taxed directly to the individual. The amount  
1 24 claimed by the individual shall be based upon the pro rata  
1 25 share of the individual's earnings of a partnership, S  
1 26 corporation, limited liability company, estate, or trust.  
1 27 Sec. 2. Section 422.35, Code 2009, is amended by adding  
1 28 the following new subsection:  
1 29 NEW SUBSECTION. 22A. Subtract the capital gain from the  
1 30 following:  
1 31 a. The sale of an equity investment in a business if all  
1 32 of the following requirements are met:  
1 33 (1) The equity investment is held for a period of thirty=  
1 34 six months or more from the date of acquisition.  
1 35 (2) A credit is not claimed on the investment under  
2 1 section 15E.66 or section 422.33, subsection 12 or 13.  
2 2 b. The sale of a building, land, or machinery and  
2 3 equipment used in the operation of the business if the  
2 4 building, land, or machinery and equipment are held for a  
2 5 period of thirty=six months or more from the date of  
2 6 acquisition.  
2 7 Sec. 3. APPLICABILITY DATE. This Act applies to capital  
2 8 investments made in or by businesses on or after January 1,  
2 9 2009, for tax years ending after that date.  
2 10 EXPLANATION  
2 11 This bill provides for the deduction of capital gains from  
2 12 the sale of equity investments in businesses and from the sale

2 13 of buildings, land, or machinery and equipment of business if  
2 14 certain requirements are met. These requirements are that the  
2 15 equity investment or the building, land, or machinery and  
2 16 equipment are held for at least three years and no credit or  
2 17 other deduction for the capital investment or gain is allowed.  
2 18 The bill applies to capital investments made in or by  
2 19 businesses on or after January 1, 2009, for tax years ending  
2 20 after that date.  
2 21 LSB 2321YH 83  
2 22 tw/mg:sc/5